DOCUMENT RESUME

ED 405 874 IR 056 303

AUTHOR Parker, Sandra
TITLE Performance Indicators: Sickness and Absence Rates as Indicators of Staff Morale.
PUB DATE [95]
NOTE 7p.; Paper presented at the Northumbria International Conference on Performance Measurement in Libraries and Information Services (1st, Northumberland, England, August 30-September 4, 1995).
PUB TYPE Reports - Evaluative/Feasibility (142) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Change; Computer Oriented Programs; *Employee Absenteeism; Foreign Countries; Information Management; Job Satisfaction; Library Administration; Measurement Techniques; *Morale; Motivation; Organizational Climate; Personnel Policy; Productivity; Recognition (Achievement); Self Management; Work Environment; Working Hours
IDENTIFIERS *Computer Assisted Scheduling; *Performance Indicators

ABSTRACT

Employee absenteeism is a problem faced by all library and information service managers as it erodes both salary budgets and productivity. It can have an undermining effect on staff morale, and may be an indicator of low staff motivation levels. There are two types of absence, unavoidable and avoidable, which can be measured using lost time and frequency rates. The most important aid to establishing absenteeism patterns is the introduction of computer-based monitoring systems. Numerous monitoring systems are discussed, including those that manage flexible time working arrangements which have been found a useful management technique for reducing absenteeism. Underlying causes of absence include morale and change. Organizational structure also has a strong effect on motivation and productivity. High job-involvement and organizational commitment reduce the likelihood of absence. The best methods for an organization to adopt to reduce absenteeism include: (1) modifying the organizational environment through the adoption of a good attendance policy that is fair and consistently applied, has a substantial reward system, is easily understood and administered, is self-policing, and is financially sound; (2) participation and rewards, such as involvement in decision-making, profit-sharing, share ownership, fringe benefits, bonuses, or a modified work week; and (3) self-management training, which teaches people to modify their own behavior and improves self-esteem and confidence. (Contains 15 references.) (Author/SWC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 405 874

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Performance Indicators: Sickness and Absence Rates as Indicators of Staff Morale

by Sandra Parker

IR056303

BEST COPY AVAILABLE

PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Sandra Parker

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC).

Performance Indicators: Sickness and Absence Rates as Indicators of Staff Morale

Sandra Parker

Department of Information and Library Management, University of Northumbria at Newcastle

Introduction

Employee absenteeism is a problem faced by all library and information service managers as it erodes both salary budgets and productivity. It can have an undermining effect on staff morale, and it may be an indicator of low staff motivation levels. Morale is part of the culture of organisations and as such can be difficult to measure in any quantitative form, thus any indicators in this area must be valued.

Maslow (1943) indicates that insecurity and change can cause increased sickness and absence rates, increased turnover of staff and poor industrial relations. As information and library workers live in the greatest period of change in 200 years, staff may succumb to greatly increased pressure and managers must have accurate methods of recognising and responding to any changes. It may be possible to predict stress in some change situations and thus be able to take appropriate action ahead of the problem.

Managing a service industry where the quality of the service depends directly upon the effectiveness and efficiency of well-trained and motivated staff is much more difficult if those staff become unreliable in attendance. In *Absent from work*, a survey by recruitment consultants Alfred Marks, 40% of companies say that high levels of absenteeism were caused by poor management and 35% low job interest or motivation - both issues which could be addressed by an effective change in management (Bolton, 1993).

Sickness and absence rate measurements must be easily obtainable and accurate. Analysis by managers can reveal trends and patterns that can quickly indicate areas which need to be addressed. In the UK at present the average number of days of absence is eight per annum, but is much less than this in Japanese owned companies (Employee . . . 1993). This would indicate that the culture of the organisation and management response to the problem could significantly affect performance.

How should an Organisation Define and Measure Absenteeism?

DEFINITION

Absenteeism falls into two distinct groups. This first is Unavoidable absence which employees and employers believe to be legitimate under the terms of their contract. This includes illness, bereavement, jury service etc. Avoidable absences involve some kind of individual choice, which employers would not see as justifiable and where motivation is seen as playing a part.

A firm personnel policy document must address the grey areas which might be thought to belong to either category such as doctor or dentist appointments, driving tests, or the death of a non-family member. Such absences must be firmly allocated in a classification system so that meaningful and useful performance measures can be developed. These may not be universally applicable and may lose their viability over time, for example what may be acceptable during slack time may not be acceptable during busy time.

MEASUREMENT

Any measurement of the problem - 'an essential precursor to effective action' - is dependent on access to accurate information. ' . . . The number of companies that don't have the right picture is amazing.' (Bolton, op. cit.)

Lost time rate is the most common form of measurement. This shows the percentage of the total time available which has been lost because of absence from all causes in a given period.

$$\frac{\text{Total absence (hours or days) in the period}}{\text{Possible total (hours or days) available}} \times 100 = \text{Lost Time Rate}$$

For example, if the total absence in the period is 124 hours, and the possible total working time is 1550 hours, the lost time rate is:

$$\frac{124}{1550} \times 100 = 8\%$$

The lost time rate can be regarded as a measure of 'severity'. If it is calculated separately by department or group of workers, it can show up particular problem areas. This may consist of a small number of people who are absent for long periods, or a large number absent for short spells. A measure of 'frequency' is needed to show how widespread the problem is, so that organisations can decide action to take.

The frequency rate shows the average number of spells of absence per employee (expressed as a percentage) irrespective of the length of each spell.

$$\frac{\text{No. of spells of absence in the period}}{\text{No. of employees in the period}} \times 100 = \text{Frequency Rate}$$

If the organisation wishes to monitor the number of employees absent at all during the period the individual frequency rate can be used:

$$\frac{\text{No. of employees having one or more spells of absence}}{\text{No. of employees}} \times 100 = \text{Individual Frequency Rate}$$

If for example in an organisation which employed 80 people 12 employees had periods of absence; one was away three times, two were away twice and nine once, a total number of 16 spells of absence, the frequency rate would be:

$$\frac{16}{80} \times 100 = 20\%$$

The individual frequency rate was:

$$\frac{12}{80} \times 100 = 15\%$$

Use of these measurements will determine the scale of the problem and highlight specific areas which need attention. Further examination of the figures according to the reason for absence is essential (Advisory . . . , 1991).

Where absenteeism does become a focus of management attention, there are very tangible improvements. One company in the food processing and distribution market claimed that it experienced a 50% reduction in absenteeism from 8% to 4% over a three-year period.

When accurate information is available for analysis by management, trends and patterns will emerge and appropriate action can be taken. Absenteeism may relate to particular individuals, a particular supervisor, specific buildings, branches or departments, Mondays or after Bank Holidays.

Computer-based Monitoring

The most important aid to establishing absenteeism patterns is the introduction of computer-based monitoring systems.

Systems are developing all of the time. Some of those that are available are as follows: Midland Software's Delphi Absence application, which was part of its Delphi integrated human resources management suite of personnel systems, allows users to record all periods of employee absence in a classification system which includes holidays, lieu days, jury service, compassionate leave, study leave, examinations, Territorial Army and sickness. This mainframe system can be customised to fit the individual and the organisation, detailing employee sickness and holiday entitlements, absence type, frequency and pattern.

Peterborough, whose clients include Marks & Spencer, Reuters and Exxon, has a range of solutions for use on IBM mainframes, IBM AS/400, ICL mainframes, open systems and PCs. It has a time and attendance system, called Unistar, but which is sold and supported through Smart Systems. Peterborough's PS 2000 absence management system provides instant access to detailed information on all absence.

Harwood Personnel, a PC-based system, runs on any IBM or PC compatible system and on any DOS compatible network. The system is flexible and fits in with the user's way of working. It is based on Q&A, the database and word processing system. It is easy to work with, not just for the end user, but also for the programmer, allowing Harwood to tailor systems quickly to meet particular requirements.

Imago Systems supplies integrated human resource management applications for use on mainframes, minis and multi-user PCs for medium to large-size companies, providing very functional systems that can be tailored to meet different users' requirements. Imago's users include Hotpoint, Gallaher, Taylor Woodrow and the Yorkshire Building Society.

Many employers allow their staff to work on a flexi-time basis which can be an administrative nightmare. However, when it is well-managed, it is a useful management tool for reducing absenteeism. Research undertaken by The University of Bangor on women in senior management (1995) has indicated that after childcare support, flexible working is the greatest aid to removing barriers for women in gaining senior posts. In a profession where 72% of the staff are women, flexi-working becomes increasingly important. By giving staff flexibility to

attend to private matters more easily during the working week, it raises their levels of motivation and morale, thus producing lower levels of absenteeism.

Data Collection Systems has a dedicated package, Core Control, for monitoring flexi-time. The system offers a fast and reliable method of electronically collecting attendance 'clockings' for immediate analysis by any managers authorised to access the system. By defining work patterns for each employee, the system knows when to expect attendance. Any deviations from the normal hours worked are clearly highlighted in automatic exception reports.

'In the past it was difficult to get the data and identify any absenteeism problems,' says chief information officer Alan Hodgson of Derwentside District Council, who installed the system on its IBM AS/400 in November 1991. It covers 550 staff in twelve remote sites. 'Before we had the system, sick cards and payroll were the best method we had of monitoring absenteeism. "Flexi-time" was seen as a staff perk, but the new system gave us, management, something back . . .

'When we got our first serious analysis from the system in January 1992, there was a minor panic at the amount of sick days reported, although it was not quite so bad when we analysed the figures further and found that one employee's long-term sickness was affecting the averages. The beauty of the system is that the information is there instantaneously and there is no more scrapping around with bits of paper', says Mr Hodgson (Bolton, op. cit. p.46).

What are the Underlying Causes of Absence?

Morale has been described by Brian Enright as 'a fickle jade, fragile and illusory' (1989). However, low morale as evidenced by high sickness and absence rates should be a cause for concern because of the effect particularly on the service delivery. If there is a problem with an employee's attendance, counselling should be the first option as it is much more expensive to sack someone and recruit a new employee.

'Every organisation has to prepare for the abandonment of everything it does' said Peter Drucker (1992). This is particularly true of information and library organisations, and the pace of change must affect the staff.

In a study in 1991, *Library staff in times of change: a study of absenteeism figures* (1991), Claire Pegg found after looking at the figures for two public libraries and an academic library, that two libraries experienced increased absenteeism following a major organisational change, which seemed to suggest a direct link between morale, absenteeism and change, with absenteeism increasing by 21% in one library during the period examined. More investigation of the reasons for the absenteeism is necessary in further research, but the literature strongly supports a connection.

Structures of organisations, having been ignored in the literature for many years, are now being recognised as having a strong effect on motivation and productivity. The structure must be appropriate to the task. As information workers we expect much from our staff: we expect them to be intelligent, written word and computer literate, inquisitive, curious and questioning and to play an important part in service delivery. Our organisations therefore should be non-hierarchical, flexible, flat and responsive. Empirical research reveals that high job-involvement and organisational commitment reduce the likelihood of absence (Bunning, 1988 p.46).

What are the Best Methods that an Organisation might Adopt to Reduce Absenteeism?

The best methods currently available for coping with this pervasive problem include:

MODIFYING THE ORGANISATIONAL ENVIRONMENT THROUGH THE ADOPTION OF A GOOD ATTENDANCE POLICY

This provides a sound foundation for reducing absenteeism. Good physical working conditions should be provided, with health and safety standards that are observed. Induction training should stress good attendance habits and welfare provision so that communication is easier if an employee has problems. Small working groups often encourage responsibility to the rest of the team, and thus improved attendance. Supervisory training should be adequate and supervisors should take an interest in their employees' health and welfare.

For employees an ideal attendance policy should:

1. be fair and consistently applied
2. have a substantial reward system
3. be easily understood and administered
4. be self-policing
5. be financially sound (Bunning, op. cit.).

This encouraged one organisation, Sola Barnes-Hind, which allowed 12 sick days per year, to

replace these with Personnel Insurance hours (Michals, 1992), which are similar to a paid leave bank. Instead of allowing 12 sick days per year, the company adds six days to an employee's vacation time. The responsibility is shifted to the employee to set aside vacation days to cover unexpected illness, while providing employees with the flexibility to use these extra days however they choose. This removes the motivation to feign illness in order to take a day off (Bunning, op. cit. p.47). Alternatively special leave could be arranged for emergencies and reasonable absences such as business, or medical appointments or religious observances.

Other aids which might be considered are flexible working and the provision of crèche facilities. Long-term illness will require careful management response, especially if the cause is work related. Counselling on return to work should be undertaken by a line manager where possible, as a more clear picture of the overall pattern of absence will be more clearly understood.

PARTICIPATION AND REWARDS

Traditional solutions to absenteeism attempt to motivate employees through increased participation and rewards. Employee participation can come from involvement in decision-making, profit-sharing, share ownership, and fringe benefits (Wilson and Peel, 1991).

Rewards can come in the form of bonuses, or a modified work week. A study conducted at 52 engineering and metalworking firms in the UK demonstrated that profit-sharing and share ownership had a positive effect on employee attendance. It is suggested that these participation schemes lower the absentee rate through their positive effect on job involvement, job satisfaction, and organisational commitment.

A minority of employees tend to account for a majority of absences. For example, one study revealed that 25% of the employees accounted for all the avoidable absences (Sadri and Lewis). In the 1980s General Motors was losing 9% of its payroll hours to absenteeism at a cost of over $1 billion and offered a reward system of a $50 bonus every quarter to an employee with no absences. This had no effect on G.M.'s absentee rate, so it was forced to pay bonuses to the majority of its employees who would have attended work anyway. It cost over $400 million to implement and sent the message to G.M. employees that regular attendance was not something to be expected.

Some organisations have a process of 'Banking Time' where, if not used to cover sickness, time can be saved and converted into extra holidays, long sabbatical leave or even early retirement.

SELF-MANAGEMENT TRAINING

Self-management training teaches people to manage, in order to modify their own behaviour. Frayne and Latham suggest that self-management training, which improves perceived self-esteem and confidence, will positively affect employee attendance (Latham and Frayne, 1989 p.411).

There are three advantages to this approach over more traditional approaches to controlling absenteeism: (a) it requires minimal training costs; (b) research shows that such training is successful in modifying behaviour in spite of an environment that reinforces it; and (c) it focuses on the particular problems of people who do not come to work because they are unable to cope (Frayne and Latham, 1987). The group that Frayne and Latham studied volunteered to receive training to overcome their chronic absentee problems. The 12-hour self-management training programme covered a description of problem behaviour, the environmental conditions, coping strategies, monitoring and behavioural change.

Post-training attendance was measured and the programme evaluated. The study did find that the employees' self-esteem was much higher after training, as was their attendance at work (ibid. p.387-390). A follow-up study two years later found that the effects of training had not diminished; employees were still using the problem-solving skills learned in the self-management training.

These employees had volunteered for training. They wanted to change their behaviour. An employee who believes sick days are a 'right' will not desire to change her/his behaviour. Desire to change is critical in order for self-management training to succeed.

Conclusion

'Extinction works. If you get rid of employees with absentee problems, you'll have less absenteeism.' (Green, 1988)

There may be several alternative solutions. There is not a 'best' solution for coping with employee absenteeism; rather a variety of tools for addressing the problem. The challenge for the manager lies in analysing the organisational environment, the characteristics of her/his employees, and choosing the best tool for the job.

References

Advisory Conciliation and Arbitration Service (ACAS) (1991) *Absence*. Advisory Booklet No. 5

Bolton, L. (1993) 'Absence makes the company poorer' *Accountancy* 11. January. 44-46

Bunning, R. L. (1988) 'A comprehensive approach to improving attendance' *Personnel journal*. August p.46

Drucker, P. (1992) *Harvard business review* Sep-Oct. p.98

'Employee absence: Industrial Society and CBI chart patterns and policies' *Industrial relations review*. May 1993

Enright, B. J. (1989) 'Animadversions on library morale' *Assistant librarian*. September. 130-136

Frayne, C. A. and Latham, G. P. (1987) 'Application of social learning theory to employee self-management of attendance' *Journal of applied psychology* 72-3. 389-390

Green, R. (1988) Interview with Davis Blitz. *Forbes* magazine. January.

Latham, G. P. and Frayne, C. A. (1989) 'Self-management training for increasing job attendance: A follow-up and a replication' *Journal of applied psychology* 74. p.411

Maslow, A. H. (1943) 'A theory of human motivation'. *Psychological review*. 50

Michals, D. (1991) 'A new solution for employee absenteeism' *Working woman* 16. June. p.22

Pegg, C. (1991) *Library staff morale in times of change: a study of absenteeism figures*. Master's Dissertation, Department of Information and Library Management, University of Northumbria at Newcastle

Sadri, G. and Lewis, M. 'Combatting absenteeism in the work place' *Management research news* 18(1) 24-30

The University of Bangor (1995) *Women in senior management: Research study of career barriers and progression in the library and information sector*. Unpublished Report.

Wilson, N. and Peel, M. J. (1991) 'The impact on absenteeism and quits of profit-sharing and other forms of employee participation' *Industrial and labor relations review* 44-3. April

7